

Placer County Economic Forecast

Placer County, one of California's fastest growing counties, is characterized by high incomes and a technology-based economy. The attractions of the region, including comparatively affordable land and housing, as well as a superior quality of life, ushered in a decade of unprecedented expansion.

The growth of population has been prolific in Placer County over the last 12 years. The compound annual growth rate was 3.7 percent. The population has increased by 55 percent since 1990. There are few signs that growth is abating as housing production soars.

The south Placer County area is emerging as an important information technology center in the greater Sacramento region. Large computer components manufacturing firms as well as other smaller firms and related businesses have moved into the region, many of them companies that are relocating or expanding from the Bay Area. Technology employers are attracted to Placer County's quality of life, cost of housing, and recreational opportunities.

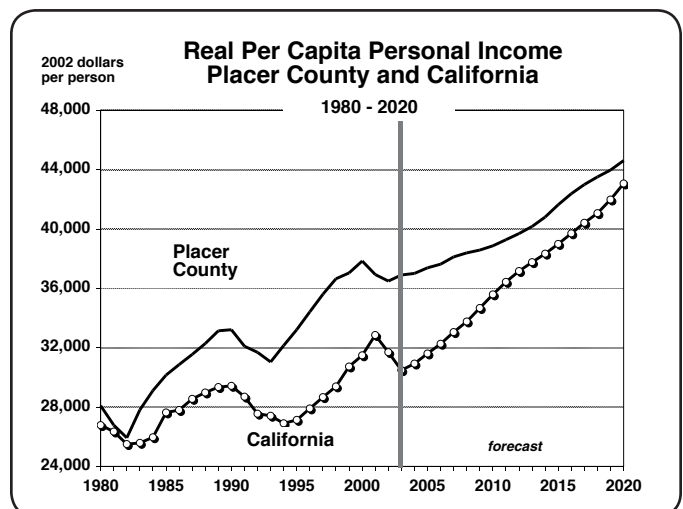
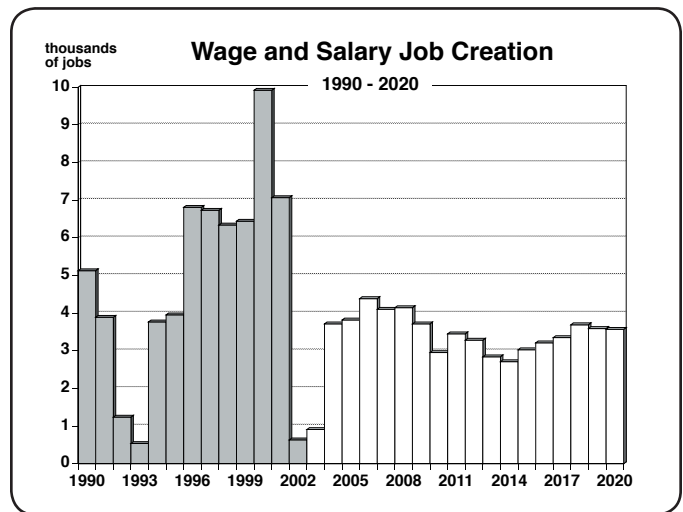
Placer County's diverse economy and geography encompasses North Lake Tahoe, where tourism is the primary economic activity, and South Placer in the Sacramento metropolitan area, where high technology sectors are the leading employers. Employment continues to increase in both of these sectors.

Manufacturing currently provides 12 percent of non-farm employment in Placer County. Manufacturing employment in Placer County has increased from 7,500 in 1990 to 11,400 in 2002. Most of this growth is due to expansion in manufacturing of electronic equipment. That sub-sector accounts for 60 percent of all manufacturing. Electronics, led by Hewlett-Packard and NEC, employs over 7,000 workers.

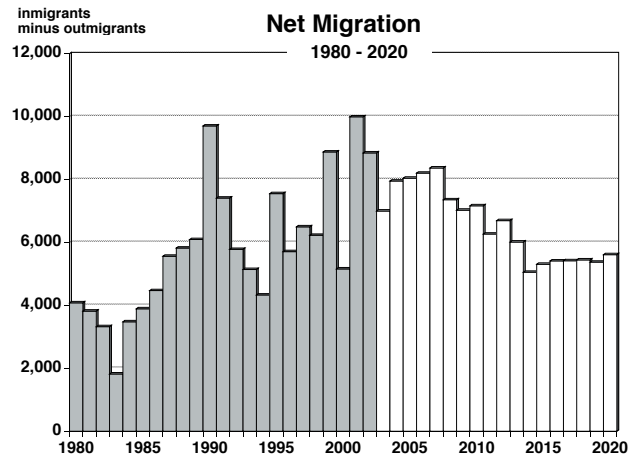
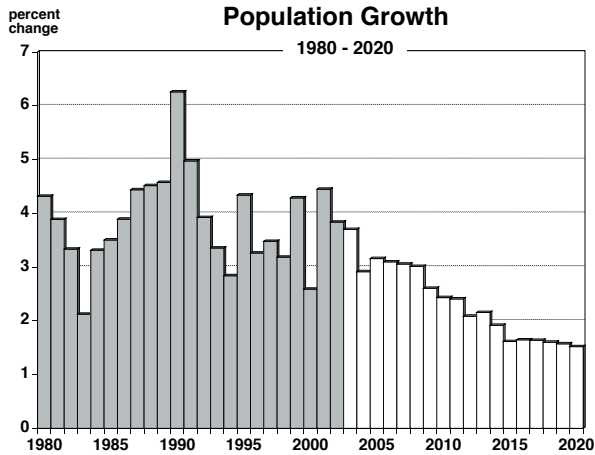
Employment in Squaw Valley, Northstar, and Alpine Meadows continues to grow to meet the demand of visitors who enjoy year-round activities.

Forecast Highlights

- Job growth is forecast to average 3.2 percent per year between 2003 and 2008. An estimated 900 jobs will be created in the county in 2004.
- The unemployment rate averages 4.7 percent in 2004, and falls further each year for the remainder of the forecast period.



- The forecast for employment growth in services averages 4.9 percent per year between 2003 and 2008. Most of the jobs created in the county will be in the services sector, including professional, business and personal services. Older age populations will demand more services in healthcare.
- Population growth slows over the next 5 years. The compound annual forecast growth during the 2003 to 2008 period averages 3.0 percent per year, a reduction from the unsustainable 3.7 percent rate that prevailed in the region between 1997 and 2002.



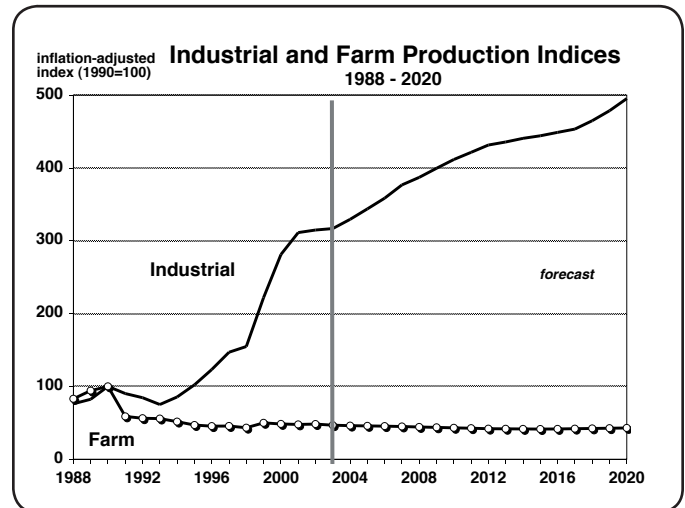
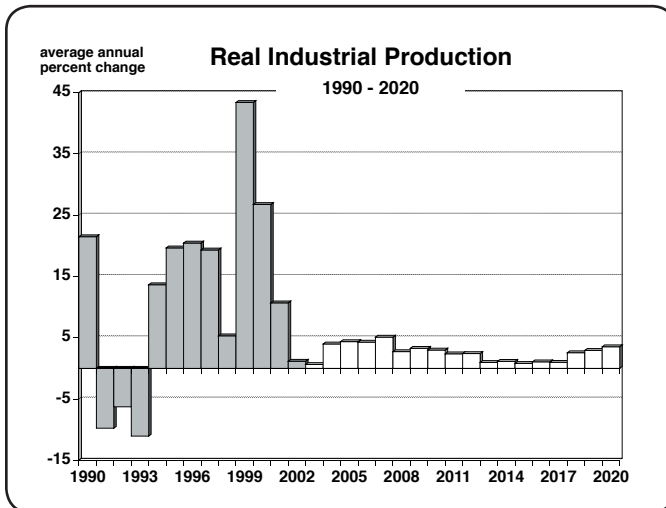
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1995-2002 History, 2003-2020 Forecast

	July Population (people)	Net Migration (people)	Registered Vehicles (number)	Households (thousands)	New Homes Permitted (homes)	Retail Sales (billions)	Personal Income (billions)	Real Per Capita Income (dollars)	Farm Crop Value (millions)	Industrial Production (billions)
1995	211,600	7,554	212,023	74.9	2,574	\$1.8	\$5.5	\$33,227	\$48.3	\$2.6
1996	218,500	5,710	219,990	77.1	2,847	\$1.9	\$6.0	\$34,426	\$47.9	\$3.1
1997	226,100	6,498	214,709	79.6	3,837	\$2.1	\$6.7	\$35,609	\$49.7	\$3.7
1998	233,300	6,230	233,764	82.1	5,206	\$2.3	\$7.3	\$36,651	\$48.6	\$3.9
1999	243,300	8,877	246,046	85.9	4,896	\$2.8	\$8.1	\$37,046	\$58.4	\$5.6
2000	249,600	5,162	266,478	92.3	6,379	\$3.4	\$8.8	\$37,846	\$59.2	\$7.1
2001	260,700	9,994	287,780	96.8	5,974	\$3.8	\$9.5	\$36,939	\$61.6	\$7.8
2002	270,700	8,848	304,137	102.2	7,198	\$4.1	\$9.9	\$36,494	\$63.3	\$7.9
2003	280,716	7,001	316,454	108.5	6,680	\$4.4	\$10.6	\$36,903	\$62.9	\$7.9
2004	288,896	7,953	327,032	114.4	6,880	\$4.6	\$11.3	\$37,016	\$63.7	\$8.3
2005	298,022	8,044	334,011	120.4	7,054	\$4.9	\$12.1	\$37,392	\$64.9	\$8.6
2006	307,248	8,205	340,985	126.6	6,903	\$5.2	\$12.9	\$37,638	\$66.2	\$9.0
2007	316,638	8,369	347,991	132.6	6,943	\$5.4	\$13.8	\$38,125	\$67.1	\$9.5
2008	326,175	7,359	354,916	138.7	6,669	\$5.8	\$14.7	\$38,399	\$68.1	\$9.7
2009	334,673	7,027	361,719	144.5	6,542	\$6.1	\$15.5	\$38,590	\$69.0	\$10.0
2010	342,813	7,168	368,453	150.2	6,518	\$6.5	\$16.5	\$38,876	\$69.9	\$10.3
2011	351,066	6,269	375,002	155.9	6,394	\$6.9	\$17.5	\$39,284	\$71.0	\$10.6
2012	358,393	6,695	381,106	161.5	6,365	\$7.3	\$18.6	\$39,700	\$71.9	\$10.8
2013	366,120	6,016	386,369	167.1	6,023	\$7.7	\$19.8	\$40,179	\$73.7	\$10.9
2014	373,139	5,055	390,674	172.3	5,841	\$8.2	\$21.1	\$40,817	\$75.4	\$11.1
2015	379,165	5,308	394,411	177.4	5,664	\$8.7	\$22.4	\$41,647	\$77.3	\$11.1
2016	385,409	5,414	398,031	182.4	5,714	\$9.2	\$23.9	\$42,391	\$79.7	\$11.3
2017	391,718	5,421	401,591	187.4	5,597	\$9.8	\$25.3	\$43,010	\$82.5	\$11.4
2018	397,999	5,448	405,191	192.3	5,428	\$10.4	\$26.8	\$43,521	\$85.6	\$11.7
2019	404,263	5,376	408,800	197.0	5,273	\$11.0	\$28.3	\$43,982	\$88.7	\$12.0
2020	410,406	5,613	412,483	201.6	5,113	\$11.7	\$29.9	\$44,625	\$91.7	\$12.4

- More housing and employment opportunities in the region provide an avenue for growth. This is especially true in Placer County. There were 7,200 units built in Placer County in 2002. The forecast calls for between 6,600 and 7,000 new units per year for the next 5 years.

- Real per capita incomes rise at an annual compound rate of 1.0 percent over the next 5 years. Real (inflation-adjusted) salaries in the county average \$39,400 in 2004. Over the next 5 years, salaries are forecast to exceed the general rate of inflation by 1.6 percentage points per year.



Total Wage & Salary (000)	Farm (000)	Mining & Construction (000)	Manufacturing (000)	Transportation, Utilities (000)	Wholesale, Retail Trade (000)	Finance, Real Estate (000)	Services (000)	Government (000)
-----employment (jobs)-----								
75.2	0.4	5.3	8.8	3.6	20.5	3.9	20.0	12.8
82.0	0.4	6.1	9.7	3.5	22.0	4.0	22.8	13.4
88.8	0.5	7.0	10.3	3.7	23.5	4.5	24.9	14.4
95.1	0.4	8.2	10.9	3.8	24.6	5.1	26.4	15.7
101.6	0.3	9.8	11.8	3.9	25.8	5.4	27.8	16.8
111.5	0.3	11.4	12.9	4.2	27.8	6.1	31.0	17.7
118.5	0.4	13.9	12.6	4.3	30.0	6.8	32.4	18.2
119.2	0.5	14.7	11.4	3.9	30.7	6.6	32.5	18.8
120.1	0.3	14.7	11.3	3.8	31.5	6.9	33.0	18.7
123.8	0.3	15.0	11.6	3.9	32.1	7.1	34.4	19.3
127.6	0.4	15.2	12.0	4.0	32.6	7.3	36.3	19.8
132.0	0.4	15.5	12.4	4.1	33.1	7.6	38.3	20.7
136.1	0.4	15.7	12.7	4.2	33.7	7.8	40.2	21.4
140.3	0.5	16.1	13.0	4.2	34.4	7.9	41.9	22.3
144.0	0.5	16.2	13.3	4.3	35.2	8.1	43.5	22.9
146.9	0.5	16.1	13.5	4.3	36.1	8.3	44.8	23.3
150.4	0.5	16.0	13.8	4.4	37.0	8.5	46.7	23.6
153.7	0.5	16.0	14.0	4.4	37.9	8.7	48.2	23.9
156.5	0.6	15.7	14.2	4.4	38.7	8.9	49.6	24.4
159.2	0.6	15.6	14.4	4.4	39.6	9.0	50.9	24.7
162.2	0.6	15.5	14.5	4.5	40.5	9.2	52.5	25.1
165.5	0.6	15.6	14.6	4.5	41.3	9.4	54.0	25.4
168.8	0.7	15.7	14.7	4.6	42.1	9.6	55.7	25.8
172.5	0.7	15.8	14.8	4.6	43.0	9.8	57.5	26.3
176.1	0.7	16.1	14.8	4.7	43.8	9.9	59.2	26.9
179.7	0.8	16.4	14.8	4.7	44.7	10.1	60.7	27.4

- The median home selling price in Placer County was \$271,350 in 2002. Over the forecast horizon, the median price rises an average of 3.7 percent per year, adjusted for inflation. This is a moderate decline from the 7.8 percent average real appreciation per year between 1997 and 2002.

